

Frequently Asked Questions
Wisconsin Residential Rate Setting Project
January 24, 2010

Date	Questions	Answer
General Questions		
12/8/10	1. What is the effect on the Residential Rate-setting methodology of the audit of the Family Care program being conducted by the Legislative Audit Bureau?	<p>The Department initiated the Family Care residential rate setting project in February 2010, prior to the start of the audit by the Legislative Audit Bureau in July 2010. The Department is cooperating fully with the Legislative Audit Bureau (LAB) audit. LAB officials have indicated that the report is expected to be published in spring 2011; but have not set a specific publication date. It is unknown at this time how and to what degree the audit will address the residential rate setting methodology.</p> <p>The residential rate-setting project is designed to achieve the following objectives, which are important for the ongoing stability and success of the program:</p> <ul style="list-style-type: none"> • promote improved access to and quality of services for members, • reflect the acuity of the member served, • treat consistently providers offering similar services, • maintain transparency and good stewardship of resources; and • ensure consistency with federal guidelines that require states to maintain a fee schedule for MA-covered services. <p>Delaying work on the residential rate setting initiative for the completion of the LAB report or other reasons will prevent the timely completion of this project that is aimed at providing greater certainty and consistency for providers and other stakeholders. For this reason the Department is proceeding with work on this project. The Department will carefully review and consider all findings and recommendations in the LAB audit report when it is published; and will consider at that time whether refinements in the residential rate setting methodology are warranted to the extent the LAB report addresses the residential rate setting methodology.</p>
1/24/11	2. What residential rates were included in the rate calculations?	<p>The Department is still in the process of refining the specific time periods and Family Care areas to use as the base data in the residential rate model. For whatever time period and county areas that are chosen, all rates that were paid by the managed care organizations for residential services during the data time period are included in the rate calculations. There were no specific residential rate payment types explicitly excluded from the data.</p>

Date	Questions	Answer
Questions about Owner Occupied and Corporate Adult Family Homes: Definition and Rate Method		
12/6/10	1. How is an owner occupied versus corporate adult family home (AFH) defined in the residential rate-setting methodology?	<p>Definition of Owner Occupied AFH An “owner occupied” adult family home is a home where the primary caregiver(s) live in the home with the clients. The caregiver(s) living in the home in this model is usually the sole caregiver to the clients. The home is the caregiver’s primary residence and he/she shares a home with the client, including living expenses and space. An owner occupied AFH as described here is compensated by the purchaser at a daily stipend, often referred to as ‘foster care payments’ which makes it eligible for tax exempt status.</p> <p>Definition of Corporate AFH A corporate adult family home is a home wherein caregivers are not living in the home with the clients, but come in for shifts or periods of time per a rotating schedule. Caregivers in this model are employees of the corporation that contracts with the purchaser to provide the care and services to clients.</p> <p>General principles to consider when categorizing a setting as owner occupied or corporate are the home’s tax exempt status and the amount and intensity of paid staff not residing in the home. It is possible that a home includes elements of both the owner occupied and corporate models; for example, the owner may reside in the home but utilize predominantly paid staff to support the clients. AFHs should work with their MCO to understand under which model of care the MCO is contracting with the home.</p>
12/6/10	2. Why are the rate methods different for owner occupied versus corporate AFHs?	<p>The rate setting method has been designed to reflect the different cost structures in owner occupied versus corporate AFHs. As highlighted in the definitions above, the degree to which paid external staff is utilized differs considerably in a corporate AFH versus an owner occupied AFH. Another difference between these two types of service settings is the living expenses for the caregiver: the living expenses of the caregiver in an owner occupied AFH where the caregiver and clients share housing and living space is markedly different from the living expenses of the caregivers in a corporate AFH where the clients reside in the home and the caregivers come in to provide care but reside elsewhere.</p> <p>MCOs and other Medicaid programs set rates and reimburse service providers based primarily on the reasonable cost to provide the care. In service delivery models where the necessary and appropriate supports are available within a more cost effective setting, it is reasonable to reimburse differently for this service model.</p>